

Marlene

We received your information regarding your request for the 3rd credit release for AREA A on Petersen Ranch Mitigation Bank, dated December 11, 2020, and updated February 19, 2021. As you know the IRT can't approve a credit release until all requirements have been met including funding a minimum of 40% of the 2019 CPI adjusted Endowment Amount. Since some of the Bank's AREA A failed to meet the Year 3 Performance Standards you have requested a partial credit release. Because this circumstance is a bit unusual you also requested confirmation before providing documentation of the required 40% Endowment Fund deposit, that CDFW has not identified any issues that would prevent approval of this credit release as proposed. Although this does not constitute CDFW approval of the proposed AREA A Third Credit Release, based on documentation and discussion with you and David Mayer, CDFW Environmental Program Manager, we anticipate being able to approve the number of credits as requested in your most recent letter dated February 19, 2021, which reflects the removal of 0.666 credits that did not meet Performance Standards as discussed. Any CDFW approval of credits associated with the AREA A Third Credit Release is predicated on the assumptions that conditions on these areas of the Bank have been accurately described and that all other requirements will be met.

Before we can provide a determination on the Third Credit Release your Credit Release Request will need to include;

- documentation that **Ex. 4 CBI** has been deposited into the Endowment Fund Account managed by the Southwest Resource Management Association.

Ex. 4 CBI

Commented [GJ1]: Is this Appendix A Table 5 in the annual report? Do we want them to resubmit the annual report?

Please let me know if you have any questions. Thanks